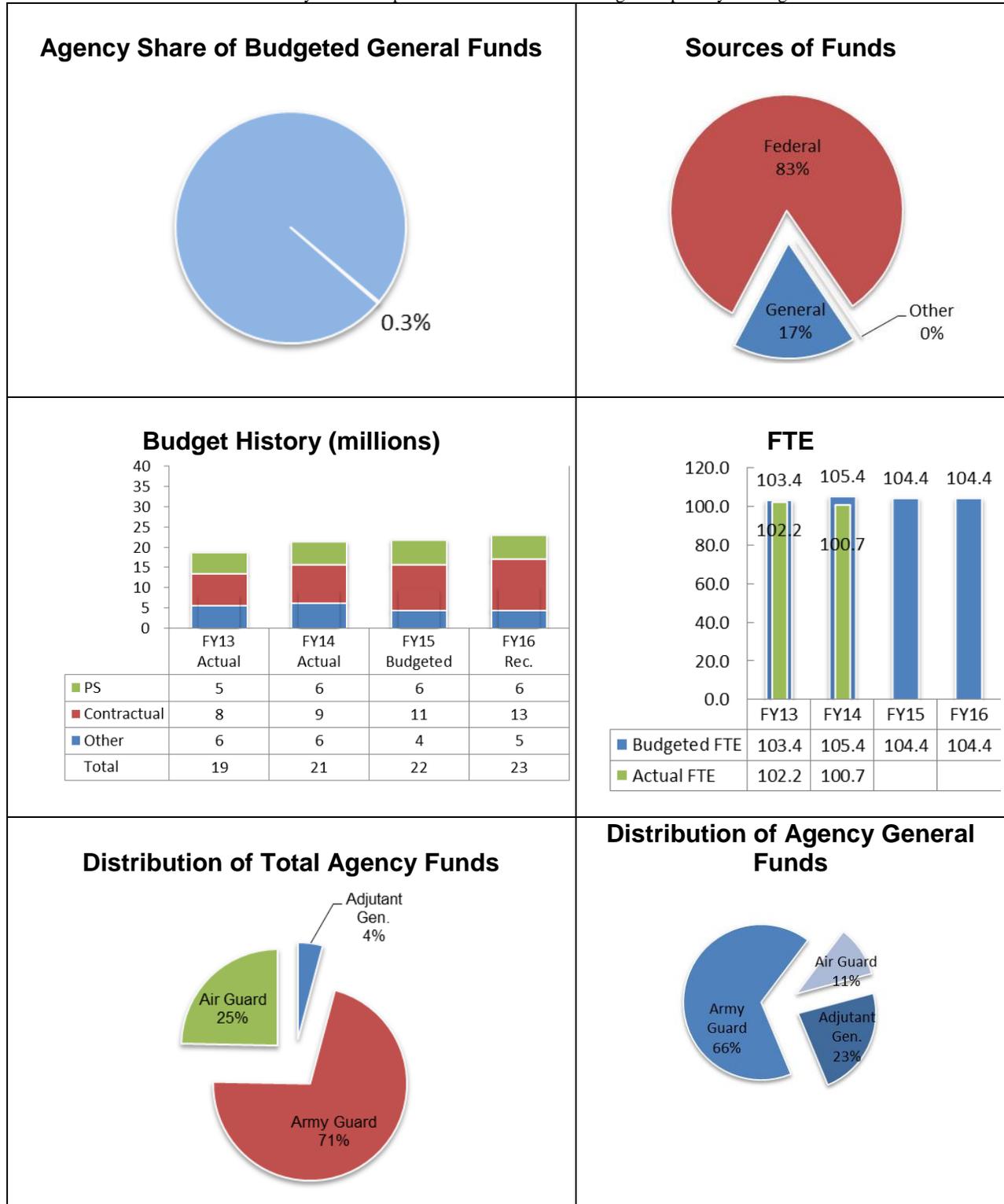


# FY16 Budget Briefing

## Department of the Military

Information contained in this document is based on the Governor's original recommended FY16 budget.  
This document may not correspond with the final FY16 budget adopted by the Legislature.



## Key Personnel

- Major General Timothy Reisch, Adjutant General/Secretary
- Connie Hohn, Budget and Finance Director
- Steve Harding, Deputy Secretary

## Department Total

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	3,909,453	4,145,471	4,477,751	4,500,989	4,477,751	0	0.0%
Employee Benefits	1,329,318	1,503,643	1,520,476	1,526,758	1,520,476	0	0.0%
<b>FTE</b>	102.2	100.7	104.4	104.4	104.4	0.0	0.0%
<b>Funding Types</b>							
General	886,855	955,224	937,945	967,465	937,945	0	0.0%
Federal	4,351,916	4,693,890	5,041,759	5,041,759	5,041,759	0	0.0%
Other	0	0	18,523	18,523	18,523	0	0.0%
<b>Total PS</b>	5,238,771	5,649,114	5,998,227	6,027,747	5,998,227	0	0.0%
<b>Operating Expenses</b>							
Travel	71,946	81,088	109,220	109,220	109,220	0	0.0%
Contractual Services	7,933,702	9,392,045	11,425,457	12,598,743	12,598,743	1,173,286	10.3%
Supplies & Materials	799,796	924,206	811,429	889,801	889,801	78,372	9.7%
Grants and Subsidies	1,323,581	1,166,871	1,530,188	1,544,188	1,530,188	0	0.0%
Capital Outlay	3,562,394	4,163,912	2,026,333	2,026,333	2,026,333	0	0.0%
<b>Funding Types</b>							
General	1,929,006	2,377,644	2,821,676	3,090,803	3,076,803	255,127	9.0%
Federal	11,758,840	13,346,587	13,070,872	14,067,403	14,067,403	996,531	7.6%
Other	3,573	3,891	10,079	10,079	10,079	0	0.0%
<b>Total OE</b>	13,691,419	15,728,121	15,902,627	17,168,285	17,154,285	1,251,658	7.9%
<b>Totals</b>							
<b>Funding Types</b>							
General	2,815,861	3,332,868	3,759,621	4,058,268	4,014,748	255,127	6.8%
Federal	16,110,756	18,040,477	18,112,631	19,109,162	19,109,162	996,531	5.5%
Other	3,573	3,891	28,602	28,602	28,602	0	0.0%
<b>Total</b>	18,930,190	21,377,236	21,900,854	23,196,032	23,152,512	1,251,658	5.7%

## Department Object Detail

Item	Actual FY2013	Actual FY2014	Budgeted FY2015	Governor Rec FY2016	Inc/Dec Over FY2015	% Change Over FY2015
<b>PERSONAL SERVICES</b>						
General	886,855	955,224	937,945	937,945	0	0.0%
Federal	4,351,916	4,693,890	5,041,759	5,041,759	0	0.0%
Other Funds	0	0	18,523	18,523	0	0.0%
Total Personal Services	<b>5,238,771</b>	<b>5,649,114</b>	<b>5,998,227</b>	<b>5,998,227</b>	<b>0</b>	<b>0.0%</b>
FTE	102.2	100.7	104.4	104.4	0.0	0.0%
<b>TRAVEL</b>						
General	28,554	30,653	34,290	34,290	0	0.0%
Federal	43,392	50,434	74,930	74,930	0	0.0%
Other Funds	0	0	0	0	0	0.0%
Total Travel	<b>71,946</b>	<b>81,088</b>	<b>109,220</b>	<b>109,220</b>	<b>0</b>	<b>0.0%</b>
<b>CONTRACTUAL SERVICES</b>						
General	913,767	1,758,702	1,891,790	2,127,324	235,534	12.5%
Federal	7,017,226	7,629,681	9,526,588	10,464,340	937,752	9.8%
Other Funds	2,709	3,662	7,079	7,079	0	0.0%
Total Contractual Services	<b>7,933,702</b>	<b>9,392,045</b>	<b>11,425,457</b>	<b>12,598,743</b>	<b>1,173,286</b>	<b>10.3%</b>
<b>SUPPLIES AND MATERIALS</b>						
General	118,909	174,892	143,782	163,375	19,593	13.6%
Federal	680,024	749,085	667,147	725,926	58,779	8.8%
Other Funds	863	229	500	500	0	0.0%
Total Supplies and Materials	<b>799,796</b>	<b>924,206</b>	<b>811,429</b>	<b>889,801</b>	<b>78,372</b>	<b>9.7%</b>
<b>GRANTS AND SUBSIDIES</b>						
General	409,750	305,569	430,188	430,188	0	0.0%
Federal	913,831	861,302	1,100,000	1,100,000	0	0.0%
Other Funds	0	0	0	0	0	0.0%
Total Grants and Subsidies	<b>1,323,581</b>	<b>1,166,871</b>	<b>1,530,188</b>	<b>1,530,188</b>	<b>0</b>	<b>0.0%</b>
<b>CAPITAL OUTLAY</b>						
General	458,027	107,827	321,626	321,626	0	0.0%
Federal	3,104,367	4,056,085	1,702,207	1,702,207	0	0.0%
Other Funds	0	0	2,500	2,500	0	0.0%
Total Capital Outlay	<b>3,562,394</b>	<b>4,163,912</b>	<b>2,026,333</b>	<b>2,026,333</b>	<b>0</b>	<b>0.0%</b>
<b>OTHER</b>						
General	0	0	0	0	0	0.0%
Federal	0	0	0	0	0	0.0%
Other Funds	0	0	0	0	0	0.0%
Total Other	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>
<b>TOTAL</b>						
General	<b>2,815,861</b>	<b>3,332,868</b>	<b>3,759,621</b>	<b>4,014,748</b>	<b>255,127</b>	<b>6.8%</b>
Federal	<b>16,110,756</b>	<b>18,040,477</b>	<b>18,112,631</b>	<b>19,109,162</b>	<b>996,531</b>	<b>5.5%</b>
Other Funds	<b>3,573</b>	<b>3,891</b>	<b>28,602</b>	<b>28,602</b>	<b>0</b>	<b>0.0%</b>
Total All Funds	<b>18,930,190</b>	<b>21,377,236</b>	<b>21,900,854</b>	<b>23,152,512</b>	<b>1,251,658</b>	<b>5.7%</b>

## Major Expansions and Reductions

Budget Item	Governor's Recommendation				FTE
	General Funds	Federal Funds	Other Funds	Total Funds	
<b>Army Guard</b>					
M&R National Guard Armories	209,800	839,196		1,048,996	
Utility costs	36,497	130,846		167,343	
<b>Air Guard</b>					
Utility costs	8,830	26,489		35,319	
Total	255,127	996,531	-	1,251,658	-

- ✓ See Budget Notes regarding these Expansions and Reductions on the following pages under the various programs.

## ADJUTANT GENERAL

The Adjutant General's Office administers the department's statutory and administrative responsibilities; coordinates and supervises the functions of planning, fiscal duties, budgeting, legislation, and personnel matters for the department; and ascertains the most efficient use of department personnel and resources.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	342,831	352,699	331,506	331,506	331,506	0	0.0%
Employee Benefits	90,043	101,935	91,204	91,204	91,204	0	0.0%
<b>FTE</b>	5.8	5.6	5.3	5.3	5.3	0.0	0.0%
<b>Funding Types</b>							
General	432,874	454,634	404,187	404,187	404,187	0	0.0%
Federal	0	0	0	0	0	0	0.0%
Other	0	0	18,523	18,523	18,523	0	0.0%
<b>Total PS</b>	432,874	454,634	422,710	422,710	422,710	0	0.0%
<b>Operating Expenses</b>							
Travel	25,885	27,620	30,790	30,790	30,790	0	0.0%
Contractual Services	54,569	111,192	97,957	97,957	97,957	0	0.0%
Supplies & Materials	8,482	8,465	8,683	8,683	8,683	0	0.0%
Grants and Subsidies	358,789	266,616	391,183	401,183	391,183	0	0.0%
Capital Outlay	2,940	21,846	7,020	7,020	7,020	0	0.0%
<b>Funding Types</b>							
General	447,091	431,847	515,306	525,306	515,306	0	0.0%
Federal	0	0	10,306	10,306	10,306	0	0.0%
Other	3,573	3,891	10,021	10,021	10,021	0	0.0%
<b>Total OE</b>	450,664	435,738	535,633	545,633	535,633	0	0.0%
<b>Totals</b>							
<b>Funding Types</b>							
General	879,965	886,481	919,493	929,493	919,493	0	0.0%
Federal	0	0	10,306	10,306	10,306	0	0.0%
Other	3,573	3,891	28,544	28,544	28,544	0	0.0%
<b>Total</b>	883,538	890,372	958,343	968,343	958,343	0	0.0%

## Budget Notes

There are no recommended increases or decreases.

## ARMY GUARD

The Army Guard administers the state functions and duties of the Army National Guard. The Army Guard's mission is to provide ready units and personnel to the state of South Dakota and the United States of America; to support United States Military objectives through its participation in the Total Force Protection Plan; to support the Governor by providing trained units and equipment capable of protecting life and property, as well as the preservation of peace, order, and public safety; and to be an active participant in domestic concerns through local, regional, and nationwide initiatives and programs.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	1,670,864	1,827,356	2,022,752	2,022,752	2,022,752	0	0.0%
Employee Benefits	591,015	694,914	750,115	750,115	750,115	0	0.0%
<b>FTE</b>	49.9	49.9	52.1	52.1	52.1	0.0	0.0%
<b>Funding Types</b>							
General	286,004	322,944	343,808	343,808	343,808	0	0.0%
Federal	1,975,875	2,199,325	2,429,059	2,429,059	2,429,059	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Total PS</b>	2,261,879	2,522,270	2,772,867	2,772,867	2,772,867	0	0.0%
<b>Operating Expenses</b>							
Travel	34,596	43,263	40,000	40,000	40,000	0	0.0%
Contractual Services	6,142,328	7,641,243	9,699,475	10,837,442	10,837,442	1,137,967	11.7%
Supplies & Materials	704,571	772,076	732,308	810,680	810,680	78,372	10.7%
Capital Outlay	3,559,455	4,142,066	2,019,313	2,019,313	2,019,313	0	0.0%
<b>Funding Types</b>							
General	1,256,019	1,705,693	2,080,972	2,327,269	2,327,269	246,297	11.8%
Federal	9,184,930	10,892,956	10,410,066	11,380,108	11,380,108	970,042	9.3%
Other	0	0	58	58	58	0	0.0%
<b>Total OE</b>	10,440,949	12,598,649	12,491,096	13,707,435	13,707,435	1,216,339	9.7%
<b>Totals</b>							
<b>Funding Types</b>							
General	1,542,023	2,028,638	2,424,780	2,671,077	2,671,077	246,297	10.2%
Federal	11,160,805	13,092,281	12,839,125	13,809,167	13,809,167	970,042	7.6%
Other	0	0	58	58	58	0	0.0%
<b>Total</b>	12,702,828	15,120,919	15,263,963	16,480,302	16,480,302	1,216,339	8.0%

## Budget Notes

A. M&R on National Guard Armories – The Governor is recommending increases of **\$209,800 in general funds and \$839,196 in federal fund authority** for statewide maintenance and repair (M&R) on South Dakota National Guard armories. This represents a 20/80 split of the \$1,048,996. This is the third year of a four year plan to reach an M&R budget which is 2% of the replacement value of the buildings. The calculation for the budget increase is (Replacement Values of buildings X 2% - current M&R budget)/2 years = increase. The replacement value of the buildings is \$478 million.

$\$478,171,666 \times 2\% = \$9,563,433$  minus  $\$7,465,442$  (current M&R budget) =  $\$2,097,991$

$\$2,097,991$  divided by 2 = **\$1,048,996**. Twenty percent of this amount is the \$209,800 in general funds and the 80% portion is \$839,196 in federal fund authority.

The current amount in the base is \$7,465,443. The \$209,800 in general funds and the \$839,196 in federal funds (a total of \$1,048,996), is the amount needed to get to the \$8,514,438.

- B. Utility Costs –** There was an increase in electrical costs and natural gas – this was an increase of **\$36,497 in general funds** and **\$130,846 in federal fund expenditure authority**.

## AIR GUARD

This is the Department's program for administering the state duties and responsibilities of the South Dakota Air National Guard. The mission of the Air Guard is to defend the United States through the control and exploitation of air and space; to train, mobilize, and deploy anywhere in the world in a matter of hours; to fly fighter sorties in support of the theater commander's objectives; to respond to the call of the Governor during times of natural disaster or civil disturbance; to protect life and property and preserve peace, order, and public safety; and to add value to America by our presence in the community.

	Actual FY13	Actual FY14	Budgeted FY15	Agency Request FY16	Gov Rec FY16	Gov Rec Inc/Dec for FY16	% Change From FY2015
<b>Personal Services</b>							
Employee Salaries	1,895,758	1,965,416	2,123,493	2,146,731	2,123,493	0	0.0%
Employee Benefits	648,260	706,795	679,157	685,439	679,157	0	0.0%
<b>FTE</b>	46.5	45.3	47.0	47.0	47.0	0.0	0.0%
<b>Funding Types</b>							
General	167,977	177,645	189,950	219,470	189,950	0	0.0%
Federal	2,376,041	2,494,565	2,612,700	2,612,700	2,612,700	0	0.0%
Other	0	0	0	0	0	0	0.0%
<b>Total PS</b>	2,544,018	2,672,210	2,802,650	2,832,170	2,802,650	0	0.0%
<b>Operating Expenses</b>							
Travel	11,465	10,205	38,430	38,430	38,430	0	0.0%
Contractual Services	1,736,805	1,639,610	1,628,025	1,663,344	1,663,344	35,319	2.2%
Supplies & Materials	86,744	143,665	70,438	70,438	70,438	0	0.0%
Grants and Subsidies	964,792	900,255	1,139,005	1,143,005	1,139,005	0	0.0%
<b>Funding Types</b>							
General	225,896	240,104	225,398	238,228	234,228	8,830	3.9%
Federal	2,573,910	2,453,631	2,650,500	2,676,989	2,676,989	26,489	1.0%
Other	0	0	0	0	0	0	0.0%
<b>Total OE</b>	2,799,807	2,693,735	2,875,898	2,915,217	2,911,217	35,319	1.2%
<b>Totals</b>							
<b>Funding Types</b>							
General	393,873	417,749	415,348	457,698	424,178	8,830	2.1%
Federal	4,949,951	4,948,196	5,263,200	5,289,689	5,289,689	26,489	0.5%
Other	0	0	0	0	0	0	0.0%
<b>Total</b>	5,343,824	5,365,945	5,678,548	5,747,387	5,713,867	35,319	0.6%

## Budget Notes

- A. Energy Cap Increase –** The increases of **\$8,830 in general funds**, and **\$26,489 in federal funds** is due to the Energy Cap (electricity, natural gas & water).

## Other Fund Balances

Company and Fund Name	Blue Book Page	Ending Cash and Investment Balance		60-Month Average Cash Balance	Lowest Monthly Cash Balance in Past Five Years	
		June 30			Amount	Month
		FY2013	FY2014			
Company 3147 - National Guard Museum and State Weapons Collection Fund	229	150,081	148,491	150,298	141,720	August 2009
Company 3148 - General Militia Fund and Special Militia Fund	230	314,969	405,378	299,637	193,187	July 2009
Company 3149 - Veterans' Freedom Memorial Fund	231	7,302	0	7,381	0	May 2014

## Governor's Recommended Compensation Plan and Billings Pool

(page 01-23 of the Governor's FY16 Budget Book)

For FY16, the Governor recommended the 1) state employee compensation plan, 2) bureau billings, and 3) that captive insurance be placed in a pool in BFM to be distributed to each agency. *Therefore, individual agency personal services and contractual services budgets do not reflect budget increases for the compensation plan, bureau billings, or captive insurance.*

- Below are the estimated distributions for employee compensation for FY16. BFM will distribute dollars from the Pool after employees are placed in the new General Pay Structure and career band pay-for-performance scores and percentages are calculated. The distributed amount to the agency will be in addition to the agency's appropriated personal services budget.

Est. FY16 Expenditures	General Funds	Federal Funds	Other Funds	Total Funds
Market Adjustments	17,229	86,521	318	104,068
Movement Toward Market Value	19,188	89,396	3,461	112,045
<i>Total Comp Pkg</i>	36,417	175,917	3,779	216,113

- ✓ Recommended FY16 – 2% market adjustment for all permanent employees (except Career Bands); 0%-6.6% market adjustments for Career Bands; 2.5% movement toward market value for General Pay Structure and PACE; 0% to 4.5% pay for performance for Career Bands; 0% health insurance.
- ✓ FY15 – 3% across-the-board/market adjustment for all permanent employees (including Career Bands); 3% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; targeted compensation adjustments for a small number of hard-to-fill, below market vocational jobs; 18.6% health insurance.
- ✓ FY14 – 3% across-the-board for all permanent employees (except Career Bands); 3.5% to 4% market adjustment for Career Bands; 3.5% adjustment toward job worth for PACE; 0%-4.5% pay for performance for Career Bands; 14.7% health insurance.
- ✓ FY13 – 3% across-the-board for all permanent employees (including Career Bands); 2.5% adjustment toward job worth for PACE; 0%-7% adjustment toward market value for Career Bands; 3.3% health insurance.

2. Below are the estimated distributions for bureau billings for FY16. The amount distributed to the agency will be in addition to the agency's appropriated contractual services budget.

<b>Est. FY16 Expenditures</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
Bureau Billings for Expansion	2,317	8,522	117	10,956
Bureau Billings for Comp Pkg	1,087	3,258	76	4,421
<i>Total</i>	3,404	11,780	193	15,377

3. The estimated distribution for Captive Insurance is not available at this time.

### **Interagency Billings**

<b>FY14 Actual Expenditures</b>	<b>General Funds</b>	<b>Federal Funds</b>	<b>Other Funds</b>	<b>Total Funds</b>
Bureau of Administration	55,562	90,533	1,088	147,183
Bureau of Finance and Management	2,587	43,492	1,265	47,344
Bureau of Human Resources	8,976	39,545	1,247	49,768
Bureau of Information and Telecommunications	14,301	42,328	57	56,686
<i>Total Bureau Billings</i>	81,426	215,899	3,657	300,982

## Federal Funds Project

The 2015 Joint Committee on Appropriations Budget Call Letter to agencies requested information on the amount of federal funds the agency expects in FY2016 and a contingency plan if the expected funds were to decrease. In FY13 (the most recent audited material), the Dept. of Military received 18 federal grants and expended \$25,484,647 in federal funds.

STATE OF SOUTH DAKOTA  
 Schedule of Expenditures of Federal Awards by Federal Department  
 Fiscal Year Ended June 30, 2013

State Agency	CFDA Number	Federal Agency	Program	FY13 Expenditures/ Disbursements/ Issuances	Mandatory (M) / Discretionary (D)	Match Rate	Funding Available in FY16	Difference
Military	12.404	National Guard Bureau	National Guard Challenge Program (STARBASE)	913,831	M	0/100	\$1,100,000	186,169
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Real Property Operations and Maintenance	9,065,913	BOTH	20/80	\$4,493,800.00 ANY ADDITIONAL REQUIREMENTS WILL KNOW DISPOSITION QUARTERLY	(4,572,113)
Military	12.400	National Guard Bureau	Military Construction, National Guard - Watertown Readiness Center	8,783,402	M	25/75	No, Project Complete	(8,783,402)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Fire Protection Activities	1,443,664	M	0/100	\$2,119,500.00	675,836
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Facilities Operations and Maintenance Activities	1,130,439	M	25/75	\$1,230,800.00	100,361
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Security Guard Activities	971,600	M	0/100	\$640,986.00	(330,614)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Security Guard Activities	737,690	M	0/100	\$730,000	(7,690)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Environmental Resource Management	584,080	M	0/100	\$452,200	(131,880)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Telecommunications	470,065	M	0/100	\$427,000.00	(43,065)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Fire Protection Activities	442,928			No, Duplicate of line 293	(442,928)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Electronic Security	386,150	M	0/100	\$229,000	(157,150)
Military	12.400	National Guard Bureau	Military Construction, National Guard - Joint Starc Readiness Center	160,681	M	25/75	No, Project Complete	(160,681)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Distance Learning	117,995	M	0/100	\$250,000.00	132,005
Military	12.400	National Guard Bureau	Military Construction, National Guard - Joint Starc Readiness Center	67,092	M	25/75	No, Project Complete	(67,092)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Interservice Support Agreement: Aberdeen Armed Forces Reserve Center	54,660	M	25/75	\$55,000.00	340
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Training Ranges/Range Training	51,205	M	0/100	\$62,000.00	10,795
Military	12.400	National Guard Bureau	Military Construction, National Guard - Troop Medical Clinic Expansion	3,252	M	25/75	No, Project Complete	(3,252)
Military	12.401	National Guard Bureau	National Guard Military Operations and Maintenance (O&M) Projects - Master Cooperative Agreement: ARNG Force Protection Anti-Terrorism	100,000	M	0/100	\$100,000	-
				\$25,484,647			\$11,890,286	(\$13,594,361)

NOTE: The FY13 total displayed above will differ from the actual federal funds expended as displayed in the budget materials because some of the grants are expended from multiple agencies.

<b>Dept. of Military</b>	<b>Number of Programs</b>	<b>FY16 Estm</b>
FY16 Mandatory Programs	13	\$9,770,786

<b>Grants Ending or Decreasing</b>	<b>Mandatory</b>
FY13 Grant Amounts	(\$14,699,867)

Below are definitions provided by the Federal Funds Information for States (FFIS):

**Mandatory Grant:** program's funding level is determined by its authorizing legislation, which provides a specific funding level or adjusts the level based on factors such as caseloads and costs. For some mandatory programs, the funding level is set by authorizing legislation, but the program is funded through the appropriations process.

**Discretionary Grant:** program's funding level is determined by the annual appropriations process